



INTERNAL AUDIT CONTROLS EVALUATION HUMAN RESOURCES

June 4, 2001

Roanoke City Council Audit Committee
Roanoke, Virginia

We have completed an audit of the Human Resources department. We conducted this audit in accordance with government auditing standards.

METHODOLOGY

In order to establish a scope for this audit, we reviewed past audit work, existing Personnel Operating Procedures, the Human Resources department's budget, and applicable laws and regulations. We talked with the Human Resources staff and management to gain an understanding of their concerns and responsibilities.

SCOPE

This audit evaluated the system of internal controls in place as of February 1, 2001 in the areas of Occupational Health and the filing of employee personnel records. Our test work included transactions processed from August 1, 2000 through January 31, 2001.

BACKGROUND

The areas of responsibility in the Human Resources department include: Recruitment, Administering Selection and Hiring procedures, Administering Pay and Benefits, Training, Employee Relations, Job Classification, Occupational/ Employee Health, and Risk Management. During this audit, we concentrated on the area of Occupational Health, with some additional audit work related to employee personnel files.

Occupational Health, also known as Employee Health, is located on Kirk Avenue a short distance away from the Noel C. Taylor Municipal Building. It has an adopted budget for fiscal 2001 of \$324,124. It employs one full-time Nurse who serves as department manager, one full-time Office Assistant, two part-time Nurses, and one part-time Doctor working 20 hours each week. Another Doctor is paid on a contract basis for two hours coverage each week. Office hours are Monday through Thursday, 7:30 to 5:00 and Friday 8:00 to 12:00. Occupational Health's primary function is to provide city employees with preventive and

ongoing health services through screenings, medical treatment and intervention, including education and training. Occupational Health states in its budget that it provides physicals and drug/ alcohol screenings for approximately 430 new employees each year. It also states that it provides required physicals and screenings for approximately 515 Public Safety employees; as well as annual physicals for 50 employees with commercial driver's licenses (CDL) and another 85 employees from the Water and Sewage Treatment departments. Occupational Health is also responsible for providing drug/ alcohol screenings for all employees receiving transfers or promotions, and for employees involved in traffic accidents meeting certain criteria.

It is also responsible for providing medical services, including immunizations and free physicals, to the general employee population. Occupational Health also provides certain training required by OSHA (Occupational Safety and Health Administration), organizes health fairs, and provides health screenings for interested employees.

PURPOSE

To determine if Occupational Health is fulfilling its responsibilities as described in the City's Adopted Budget.

To determine the degree of compliance with Personnel Operating Procedure (POP) #36 and certain OSHA requirements.

To determine if required employee personnel records are completed, filed and retained as required by the Human Resources department's procedures, and State and Federal law.

RESULTS

The results of our review showed only minor concerns existing in the area of employee records. Those concerns were reviewed orally with management and do not appear in this report. Occupational Health is meeting its responsibilities to provide employee medical services and physicals for newly hired employees. However, there were concerns related to drug and alcohol screenings, required physicals, and screenings for compliance with special conditions of employment.

Finding 01

A sample of 20 employees promoted after July 17, 2000, found that 13 (65%) did not receive the required drug and alcohol screening as a result of department managers never scheduling appointments with Occupational Health. This practice could result in the City's drug and alcohol policy losing credibility and increase the risk of charges of bias and unfair application of policy.

Recommendation 01

Occupational Health should provide written verification of screening prior to the Human Resources department certifying an employee's transfer or promotion for processing by Payroll.

Management's Response 01

The mandate for these screenings became effective July 17, 2000 and requires the department manager to contact Occupational Health to schedule the employee's testing. The recent adoption of this policy and recent hiring of new managers may have contributed to the poor compliance noted in the audit. We agree that requiring verification that screenings have been performed before we process transfers and promotions would ensure compliance with the screening requirement. Our department will implement such a procedure and work with department managers to ensure transfers and promotions are processed timely and in compliance with all city policies. Additionally, Occupational Health will immediately begin reviewing a report of promoted employees each pay period to verify screenings were completed as required.

Finding 02

Two of five (40%) employees involved in accidents that met the criteria for requiring drug and alcohol testing were not tested. Again, department managers did not contact Occupational Health and did not send the employees to the Clinic for testing. This failure to comply with policy increases the risk that behavior involving drugs and alcohol may not be detected. It also increases the risk that the City's drug and alcohol free workplace program will be generally discounted by employees due to skepticism regarding fair and consistent application.

Recommendation 02

Any one of the following criteria that apply to an accident require testing: 1.) If it involves a fatality, 2.) If a citation is issued for a moving traffic violation, 3.) If any person requires medical treatment away from the scene, or 4.) If any vehicle involved must be towed away. Testing must be completed within two hours to most effectively determine blood alcohol levels at the time of the accident. The primary way to ensure compliance is to establish a policy of taking disciplinary actions when the policy is not followed and educating employees about the policy. The Human Resources department and City Manager's office should develop specific actions that are taken when the drug and alcohol testing policy is not followed. Risk Management should develop methods to detect violations, including knowing when employees are issued citations for moving traffic violations. To administer the City's drug and alcohol free workplace program, effective coordination will have to be established between the Police department, Occupational Health, Risk Management, and the City Manager's office.

Management's Response 02

The Risk Manager is reviewing POP #36 for revisions that could strengthen the drug and alcohol free workplace policy and address non-compliance. A work group with representatives from Risk Management, Auditing, Technology, Fleet Management, and Occupational Health has been formed to address concerns about timely notification of the proper departments when accidents occur. The group hopes to develop a Lotus Notes based work flow that would establish a standard electronic form on the City's internal network to be completed by the supervisor in accident cases. This form would be designed to prompt appropriate actions by the supervisor. Based on the information entered by the Supervisor, the form would be instantly routed to the computers of those people that should be contacted about the accident. This would include a message to the City Manager's office in those cases when the criteria were met for drug and alcohol testing and no testing was performed. This project is in the early stages of development with many of the details yet to be worked through.

Finding 03

Over the period audited, Occupational Health performed no screenings to test employee compliance with special conditions of employment. The special conditions contract has been in place for Police and Fire employees since 1989 and for Sheriff employees since 1991. The risk that the terms of the agreement will be violated increases greatly when there are no procedures to monitor compliance. The special conditions of employment agreement was created to provide the City some protection against the liability associated with workers compensation claims for heart disease and hypertension related illnesses afflicting public safety employees. Under workers compensation law, these conditions are presumed to be caused by the job unless the locality can prove to the contrary. The current claim history indicates the average heart/ lung case results in approximately \$188,000 cost to the City's insurance pool. By not undertaking a program of screening for compliance, employees involved in prohibited behaviors such as smoking do not receive timely help to address the problem. This increases the risk that the employee will experience heart disease and hypertension related illnesses and it increases the risk that the city will not be able to overcome the presumption that the employee's condition resulted from the job.

Recommendation 03

Occupational Health should establish a program for regularly screening public safety employees for compliance with special conditions agreements. This program should be documented and should include plans to help employees achieve compliance. The results of all testing should be recorded and evaluated to provide information needed for improving self help programs and determining the true effect of the job on employee health.

Management's Response 03

On December 29, 2000, the Department of Human Resources mailed a letter to the home of all employees covered by special conditions in which we reiterated the reasons for the special conditions. Occupational Health held information sessions with employees at the beginning of 2001 to ensure they understood the requirements and to offer information to those employees who might need help to meet the requirements. Occupational Health began performing special conditions screenings on April 4, 2001. In the future, employees will be tested for compliance annually either by special appointment or when they have their regularly scheduled physical. We agree that the screening program should be documented and the results evaluated for meaningful information.

Finding 04

In a sample of 11 public safety employees, 7 (64%) did not receive a physical examination within the time frame required by City policy. While all seven employees received physicals, in four cases the physical was between 8 months and 47 months late. City policy requires employees receive a physical every three years if they are under 30 years of age, every two years if they are 30 to 39 years of age, and annually if they are 40 or older. The purpose of the physical is to evaluate a persons fitness for duty based on standard, established criteria. It is important the minimum standards be achieved to ensure the person can adequately perform

those duties that may be required in a public safety function. There are two primary factors that contribute to physicals not being performed within the required time frame:

- Employees cancel appointments and do not reschedule
- The database used to calculate due dates for physicals has incomplete data and logic errors that incorrectly compute due dates for some employees

Recommendation 04

Occupational Health should stop using their current database and should begin using the SprintWare System currently available in their office. This system was designed for Occupational Health clinics and has functions that help manage scheduling and patient visit history. Occupational Health should contact the vendor to obtain the necessary consultation and documentation to properly utilize the system. Required revisions to current procedures will depend on the capabilities of the SprintWare system related to scheduling and reporting. We recommend two provisions be added to the procedures regardless of system capabilities:

- Occupational Health should require employees to schedule appointments that are no more than 30 days past the required due date. This provides the flexibility to work around scheduling conflicts from year-to-year and is reasonably compliant.
- Occupational Health should report any employee who fails to undergo the required physical within the 30 day past due time frame to the appropriate authority.

The individual departments will have to establish their own protocol for achieving compliance once Occupational Health reports non-compliant employees.

Management's Response 04:

Occupational Health currently uses a rotating schedule for public safety physicals, as follows:

- Fire/EMS employees are scheduled every December through March
- Police employees are scheduled every April through July
- Sheriff employees are scheduled every August through November

This schedule is followed consistently from year-to-year and can be adapted to enable compliance with the requirements. We will design a method to identify and report employees who do not undergo their physicals within 30 days past their due dates. We plan to obtain the necessary consultation and training to more fully utilize the Sprintware system in this process.

CONCLUSION

Based on the results noted, we can conclude that Occupational Health is fulfilling some, but not all of its important responsibilities. The system of internal controls is not adequately designed and is not satisfactorily operating to allow Occupational Health to achieve its maximum effectiveness. The results of our audit also indicate that city departments have not consistently complied with POP #36. While there are some minor concerns with procedures related to ensuring compliance with OSHA regulations, actual compliance was evaluated to be satisfactory. The same is true regarding the completeness of employee personnel records.

We would like to thank those employees in Occupational Health, Human Resources, and departments throughout the city that worked with us during this audit. Their cooperation and assistance was invaluable to the audit process. We also commend the Director of Human Resources for his openness when we were planning the audit. Mr. Cronin shared with us early on that Occupational Health was an area that would most likely benefit from an audit.

We would like to note that Tera Hamden, former Senior Auditor in our department and now a Senior Accountant in the City Finance department, was the In-charge for this audit. We appreciate her hard work in planning and performing the majority of the audit work.

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